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VILLAGE OF ESTERO, FLORIDA

RESOLUTION NO. 2015 - 72

**A RESOLUTION OF THE VILLAGE COUNCIL OF THE
VILLAGE OF ESTERO, FLORIDA, ADOPTING A
CAPITALIZATION THRESHOLD POLICY FOR
FINANCIAL REPORTING; AND PROVIDING AN
EFFECTIVE DATE.**

WHEREAS, it is recommended that the Village establish a benchmark that is in accordance with Generally Accepted Accounting Principles (GAAP) to identify what the minimum cost of an asset should be (i.e., its significant value) to justify the time and expense of maintaining the information required for reporting it in the Village's financial statements. For practical reasons, governments capitalize only their higher cost assets; and

WHEREAS, the Government Finance Officers' Association (GFOA) recommends that capitalization thresholds never be less than \$5,000 and provides for different capitalization thresholds by type (class) of capital assets. In determining the minimum cost of an asset that should be recorded and depreciated on the Village's financial statements one must determine if the asset's value is significant enough to justify the time and expense of maintaining the information required for reporting; and

WHEREAS, the Village auditors from CliftonLarsonAllen, LLP, have assisted staff in developing capitalization thresholds that will be in line with policies that are being adhered to by other governmental entities.

NOW, THEREFORE, be it resolved by the Village Council of the Village of Estero, Florida:

Section 1. The following capitalization thresholds are adopted and effective retroactively to the inception of the Village.

<u>Asset Class</u>	<u>Capitalization Threshold</u>
Furnishings and Equipment	\$ 5,000
Intangible	\$25,000
Capital improvement project assets	\$50,000
Infrastructure	\$50,000

Section 2. This Resolution shall take effect immediately upon adoption.

45 **ADOPTED BY THE VILLAGE COUNCIL** of the Village of Estero, Florida this
46 21st day of October, 2015.

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48 Attest:

VILLAGE OF ESTERO, FLORIDA

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51 By: _____
52 Kathy Hall, MMC, Village Clerk

By: _____
Nicholas Batos, Mayor

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54
55 Reviewed for legal sufficiency:

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58 By: _____
59 Burt Saunders, Esq., Village Attorney